

ISSUE DATE: July 18, 1995

DOCKET NO. P-430, 421/CP-93-50

ORDER ADOPTING RATES FOR POLLING

BEFORE THE MINNESOTA PUBLIC UTILITIES COMMISSION

Don Storm
Tom Burton
Joel Jacobs
Marshall Johnson
Dee Knack

Chair
Commissioner
Commissioner
Commissioner
Commissioner

In the Matter of a Petition for Extended Area
Service From New Richland to Waseca

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PROCEDURAL HISTORY

On January 25, 1993, the Commission received a petition from customers in New Richland requesting extended area service (EAS) to Waseca and Ellendale. The petition sponsor specifically requested separate votes on each route.

On April 20, 1993, the Commission issued its ORDER CLOSING PORTION OF DOCKET AND REQUIRING COST STUDIES AND PROPOSED RATES. The Commission found that the traffic volume between New Richland and Ellendale was not sufficient to meet the statutory criterion and ordered the companies to file cost studies and proposed rates for the New Richland to Waseca route.

On August 20 and 23, 1993, U S West Communications, Inc. (USWC) and United Telephone Company (United), respectively, filed cost studies and proposed rates.

On September 24, 1993 the Minnesota Department of Public Service (the Department) filed its report and recommendation. The Department recommended that USWC be ordered to use a 10.64% cost of money.

On December 21, 1993 USWC filed new rates using the stipulated 10.64% cost of money and on January 25, 1994, United filed revised cost studies also reflecting USWC's 10.64% cost of money.

On February 11, 1994, the Department filed a letter requesting that the Commission order the companies to refile their cost studies and proposed rates using a stimulation factor of 2.

On April 11, 1994, the Commission issued its ORDER REQUIRING REVISED COST STUDIES AND PROPOSED RATES. The revised cost studies were to reflect a stimulation factor of three as had been adopted in several other EAS petitions joined together in the Commission's March 25, 1994 ORDER ADOPTING STIMULATION FACTOR.¹

Between May 10, 1994 and August 5, 1994, USWC and United submitted revised cost studies and proposed rates reflecting a series of changes that included a lower stimulation factor and an earnings investigation and settlement.

On August 12, 1994, the Department submitted comments.

On July 11, 1995, the Commission met to consider this matter.

FINDINGS AND CONCLUSIONS

The Commission has previously found that New Richland's petition for EAS to the Waseca exchange meets the initial statutory criteria: adjacency and adequate traffic². Minn. Stat. § 237.161, subd. 1 (1994). The Commission will now proceed to determine whether the petition meets the third and final criterion: adequate support among New Richland subscribers.

Before polling New Richland subscribers, however, the Commission will adopt EAS rates to appear on the ballots to inform subscribers regarding the rates that they will experience if EAS is approved.

EAS rate additives are designed to recover the costs incurred by United in providing the requested expanded service. The EAS statute requires that EAS rates be set to maintain the income neutrality of affected telephone companies. Minn. Stat. § 237.161 (1994).

¹ See the Commission's March 25, 1994 ORDER ADOPTING STIMULATION FACTOR in the following joined matters: Freeport (Albany) P-500, 415/CP-93-1057; New Munich (Albany) P-500, 415/CP-93-124, Madison Lake (Mid Communications) P-416, 421/CP-93-554; Kabetogama (GTE) P-407/CP-93-256; Garrison (GTE) P-407, 421, 406/CP-92-1415; Embarrass (GTE) P-407, 421/CP-93-401; Meadowlands (GTE) P-407, 421/CP-93-594, 595, 596; Nickerson (GTE) P-407, 421/CP-93-846; Zumbrota (Zumbrota) P-577, 555, 421/CP-93-1221; and Richmond (Melrose) P-415, 421/CP-93-666.

² ORDER CLOSING PORTION OF DOCKET AND REQUIRING COST STUDIES AND PROPOSED RATES (April 20, 1993).

The Department has reviewed the costs proposed to be incurred to provide the requested EAS and has found them reasonable. The Commission adopts that finding. The only other question regarding the expansion costs is how much of them will be recovered from subscribers in the petitioning exchange and how much of them will be recovered from subscribers in the petitioned exchange.

Having assessed the circumstances of New Richland and Waseca and taken into account the interests of all concerned, the Commission determines that a 60/40 allocation of EAS costs between the New Richland and Waseca exchanges is appropriate and results in fair and reasonable rates.

The Commission will adopt such rates in this Order and direct the telephone company serving the petitioning exchange (United) to cooperate in the polling of New Richland subscribers that is about to be conducted.

ORDER

1. The Commission hereby adopts extended area service (EAS) rates for the petitioning New Richland exchange and petitioned Waseca exchange as follows:

Petitioning Exchange: New Richland

<i>Class of Service</i>	<i>Base Rate*</i>	<i>60/40 Cost Allocation</i>
One-Party Residential	\$15.23	\$2.64
Two-Party Residential	\$14.03	\$2.43
Four-Party Residential	\$12.28	\$2.14
One-Party Business	\$30.50	\$5.29
Four-Party Business	\$24.41	\$4.23
Semi-Public Payphone	\$30.50	\$5.29
Trunk	\$38.19	\$6.63
School	\$22.48	\$3.97
Customer-Owned Payphone	\$26.50	\$4.68

*The base rate for New Richland includes EAS to Waldorf.

Petitioned Exchange: Waseca

<i>Class of Service</i>	<i>Base Rate</i>	<i>40/60 Cost Allocation</i>
One-Party Residential	\$13.01	\$0.32
Two-Party Residential	\$10.06	\$0.27
One-Party Business	\$32.53	\$0.78
Trunk	\$34.29	\$0.82
Semi-Public Payphone	\$32.53	\$0.78

2. United Telephone shall cooperate fully with Commission Staff and contractors to conduct a poll of access lines in the New Richland exchange. For example, United shall
 - provide useable, deliverable addresses for all access lines in a format and according to a time frame established by Commission Staff;
 - provide proof of the accuracy of the customer list as requested by Commission Staff; and
 - provide a list of New Richland subscribers as of the date specified by Commission Staff for polling the New Richland exchange.
3. This Order shall become effective immediately.

BY ORDER OF THE COMMISSION

Burl W. Haar
Executive Secretary

(S E A L)